

Department of Planning and Budget 2001 Fiscal Impact Statement

1. Bill Number HB2619

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Diamonstein

3. Committee Finance

4. Title Commonwealth of Virginia Cultural Facilities Bond Act of 2001

- 5. Summary/Purpose:** The bill authorizes, subject to approval by a majority of the qualified voters of the Commonwealth voting thereon at the November 6, 2001, general election, the issuance of Commonwealth of Virginia Cultural Facilities Bonds pursuant to Article X, Section 9 (b) of the Constitution of Virginia in an amount not exceeding \$90,100,000. The purpose of the bonds is to provide funds for paying for the cost of maintaining, restoring, repairing, improving, and refurbishing the physical plants, including incidental equipment, of cultural, historic and artistic facilities. The full faith and credit of the Commonwealth is pledged for the payment of the principal of and interest on the bonds and any bond anticipation notes or refunding bonds. The bonds would constitute tax-supported debt, and as such, would impact available debt capacity.

6. Fiscal Impact Estimates are preliminary:

6a. Expenditure Impact: (Treasury Board – Debt Service)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	\$0	-	-
2001-02	\$0	-	-
2002-03	\$11,965,655	-	GF

6b. Expenditure Impact: (State Board of Elections)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	\$0	-	-
2001-02	\$85,000	-	GF
2002-03	\$0	-	-

7. Budget amendment necessary: Yes, Item 88.

- 8. Fiscal implications:** For the purpose of estimating the fiscal impact, a single tax-exempt bond issue was assumed in FY 2002. The issuance of the bond in FY 2002 would be structured such that no debt service payments would be required until the next biennium (2002-2004). A slower spending schedule would lessen the immediate fiscal impact. In either case, once all the bonds are issued, annual debt service would be approximately \$9.4 million per year. Depending on project draw schedules the fiscal impact may be different if the issuance schedule is changed.

For the November 2001 general election, the State Board of Elections would incur costs of an estimated \$85,000 for printing informational materials and for advertising the ballot initiative.

9. Specific agency or political subdivisions affected:

- Virginia Museum of Fine Arts
- Virginia Museum of Natural History
- Science Museum of Virginia
- Department of General Services
- Department of the Treasury
- Treasury Board

10. Technical amendment necessary: None.

11. Other comments: The bill as drafted may be unconstitutional because projects to be funded are not “distinctly specified” as required under Article X, Section 9(b) of the Constitution of Virginia.

In addition, the bill does not provide for sufficient oversight with regard to the expenditure of bond proceeds for these non-state entities to ensure that such proceeds are spent on capital projects.

Further evaluation of the facilities and/or the specific projects may indicate that certain projects must be financed on a taxable basis if not used for a governmental purpose, which could increase the cost estimates.

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cc: Secretary of Finance
Secretary of Administration
Secretary of Education
Secretary of Natural Resources

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